



State of California  
**Employment Training Panel**

Training Proposal for:  
**United Parcel Service, Inc.**

**Agreement Number: ET09-0275**

Panel Meeting of: **October 17, 2008**

ETP Regional Office: **San Diego**

Analyst: K. Campion

**PROJECT PROFILE**

Contract

Type:

Priority/Retrainee

SET Frontline - Retrainee

Industry

Sector(s):

Services

Transportation

Counties

Served:

Statewide

Repeat

Contractor:

☒ Yes ☐ No

Union(s):

☒ Yes ☐ No

International Brotherhood of  
Teamsters, Local Union 104;  
International Association of  
Machinists and Aerospace Workers,  
Automotive Lodge 1186

Priority

Industry:

☐ Yes ☒ No

No. Employees in CA: 18,600

No. Employees Worldwide: 425,000

Turnover Rate %	Manager/ Supervisor %
4%	18%

**FUNDING DETAIL**

Program Costs	Substantial Contribution	Total ETP Funding
\$1,386,165	\$25,600	\$1,360,565

In-Kind Contribution
\$2,920,579

**TRAINING PLAN TABLE**

Job No.	Job Description	Type of Training	Average No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage
				Class / Lab	CBT		
1	SET Frontline - Retrainee	Commercial Skills, Business Skills	357	24 - 200	0	\$1,245	\$23.36
				Weighted Avg: 83			
2	SET Frontline - Retrainee	Commercial Skills, Business Skills	52	24 - 200	0	\$1,058	\$23.36
				Weighted Avg: 83			
3	Priority/Retrainee	Commercial Skills, Business Skills, Management Skills	714	24 - 200	0	\$1,080	\$12.85
				Weighted Avg: 60			
4	Priority/Retrainee	Commercial Skills, Business Skills, Management Skills	98	24 - 200	0	\$918	\$14.02
				Weighted Avg: 60			

**Minimum Wage by County:** Job Numbers 1 & 2: statewide average hourly wage is \$23.36

Job Numbers 3 & 4: Alameda, Contra Costa, Los Angeles, Orange, San Francisco, San Mateo, and Santa Clara counties - \$14.02; Sacramento County - \$13.58; San Diego County - \$13.37; San Luis Obispo, Lassen, Tulare, Fresno, and San Bernardino counties - \$12.85

**Health Benefits:** ☒ Yes ☐ No This is employer share of cost for healthcare premiums – medical, dental, vision.

**Used to meet the Post-Retention Wage?:** ☒ Yes ☐ No

\$5.28 (non-union) - \$8.16 (union) per hour may be used for a few trainees to meet the Post-Retention Wage.

**Other Benefits:** Holiday pay, vacation pay, sick leave pay, 401K retirement plan

Wage Range by Occupation	
Occupation Title	Wage Range
Driver	
Feeder Driver	
Mechanic	
Accounting/Credit & Collections/ Administration Staff	
Engineer/Engineering Support Staff	
Specialist	
Human Resource Representative	
Sales & Marketing Staff	
Supervisor & Manager	

## **INTRODUCTION**

In this proposal, United Parcel Service, Inc. (UPS) seeks funding for retraining as outlined below:

UPS is a package delivery company and a global provider of specialized transportation and logistics services, managing flows of goods, funds, and information in more than 200 countries and territories. Company representatives report that UPS serves 1.8 million pick-up customers and 6.1 million delivery customers daily, and in 2007, delivered 3.97 billion packages.

UPS' regional corporate and ancillary headquarters functional groups located at the UPS Anaheim, Laguna Hills, and Visalia facilities qualify for ETP priority funding under Title 22, California Code of Regulations (CCR), Section 4416(e). The functions are those that provide internal support for customers both inside and outside of California. Additionally, UPS' group and air HUB distribution centers across California also qualify for ETP priority funding under the out-of-state provisions specified in Title 22, CCR, Section 4416(d)(3,4) for the integrated services provided to other HUB locations outside of California. Finally, the San Luis Obispo Customer Service Center staff which provides customer service support throughout the Pacific Region is eligible for priority retraining under Title 22, CCR, Section 4416(h). UPS proposes to train a total of 812 retrainees under standard retraining, which comprises Job Numbers 3 and 4.

The remaining facilities and employees in California qualify under the Special Employment Training (SET) provisions, which comprise Job Numbers 1 and 2. The contractor proposes to train 409 trainees under SET in the following occupations: driver, feeder driver, and mechanic.

## **PRIOR PROJECT and HISTORY**

Training for UPS' frontline staff in a software and hardware system called *Package Flow Technology (PFT)* was the focus of the prior ETP training project that commenced in May 2005. This was part of UPS' strategic goal to restructure its business from a transportation-based company to a technology-driven logistics services company. Company representatives report that UPS has completed its initial investment of \$600 million in *PFT*. This multi-year undertaking was designed to shorten package delivery times by allowing drivers access to data from supply-chain optimization models via wireless handheld devices, thereby improving customer satisfaction and internal efficiencies.

The sheer size and scope of the *PFT* effort combined with some major technological issues resulted in delays. Much of the training that was part of the original application was interrupted and many proposed trainees were unable to receive any ETP training. UPS discovered that *PFT* caused short-term anxiety as employees struggled to learn new ways of doing their jobs and problems were encountered with pre-load systems. As a result, UPS experienced fewer internal improvements and savings than planned.

### **Substantial Contribution**

UPS is a repeat contractor with payment earned in excess of \$250,000 at its facilities in Anaheim and Los Angeles, under two prior projects within the past five years (see Prior Project Table). Accordingly, reimbursement for trainees at these facilities in Job Numbers 2 and 4 will be reduced by 15% to reflect the company's \$25,600 Substantial Contribution to the cost of training.

## **NEED FOR TRAINING**

UPS representatives state that the problems causing the delays with *PFT* have been resolved. The *PFT* has now been enhanced with new features, including pre-load assist software and complimentary technologies such as *Telematics* which uses advanced algorithms and proprietary firmware to analyze data in delivery trucks to slash energy consumption, improve efficiency, and increase customer satisfaction. In California, UPS is now ready to introduce these new technologies. They are projected to help UPS maintain momentum towards “going green”. Additionally, they are projected to improve customer satisfaction, increase internal efficiencies, and adjust to the lower-than-expected U.S. package volume experienced in 2007 – 2008.

The need to complete training for some employees, coupled with the implementation of new technologies, has resulted in increased training requirements for all of the proposed trainees. Therefore, the focus of this proposal is for a targeted group of the California workforce (approximately 7%) who have critical training needs. UPS requests ETP assistance for a third statewide training project that will provide necessary job skills training in Commercial Skills, Business Skills, and Management Skills.

## **PROJECT DETAILS**

### **Commercial Skills**

Drivers, feeder drivers, some specialists, and some supervisors will receive classroom training in Commercial Skills to prepare them to work with the new system technologies, Telematics, Package Flow Technology, Preload Assist Systems, New Vehicle Familiarization skills, and Dispatch Process Skills. Mechanics will receive training in Component Identification Troubleshooting and Failure Analysis Preventive Maintenance, and Installation Procedures.

### **Business Skills**

The majority of the proposed trainees will receive Business Skills training related to their job duties. For example, engineers and engineering staff will receive training in Property Planning Concepts to more efficiently schedule feeder work, perform feeder planning to meet customer needs, apply property planning concepts in their operations and learn how to efficiently organize and plan their property feeder operations. Human resource representatives will receive training in Building Relationships to improve workers' ability to enhance and build positive relationships and trust with employees, and to improve listening techniques and conflict resolution skills. Accounting and administrative staff will receive training in Revenue Management and Cost Recovery, Collection Techniques, Collection Applications, Financial Analysis, UPS Billing Release, Electronic Billing, Sales Skills, Building Relationships, and Problem Solving.

Specialists will receive job skills training relating to their departmental requirements which may include Problem Solving and Accountability, Project Management Skills, and Integrating Strategies. Sales and Marketing Staff will receive training designed to help them develop the proper view of the marketing concept; illustrate the decisions facing marketing management; define components of marketing strategy; and develop an understanding of important marketing concepts such as segmentation, target markets, positioning, and consumer buying behaviors. This training is projected to assist UPS retain and expand its market share to remain competitive.

## Management Skills

Supervisors and managers will receive training in how to manage under the new technologies, how to improve their operations, improve service to customers, reduce costs, and drive business excellence by becoming the "critical eye" in the operations. Additionally, the Management Skills training will help supervisors and managers learn how to take responsibility to improve efficiencies, meet and exceed all business plan goals, and how to champion all planning efforts. This training is designed to meet UPS' strategic goals and is critical training for leaders of the organization to support staff during the implementation of the new technologies for the domestic package delivery units.

## Special Employment Training

Special Employment Training (SET) funds are limited to 10% of the training funds available each year. However, under SET, the company is not required to demonstrate out-of-state competition and the trainees are not required to meet eligibility standards for retraining. To qualify under SET, trainees must be earning at least the statewide average hourly wage at the end of the retention period (Unemployment Insurance Code 10214.5. Title 22, CCR, Section 4409(a). Trainees in Job Numbers 1 and 2 have been identified for SET funds because these UPS functions in this industry sector do not face out-of-state competition.

## Commitment to Training

UPS represents that ETP funds will not displace the existing financial commitment to training. Company representatives state that UPS spends approximately \$6 million a year on training for its California workforce, beyond ETP funding. UPS representatives report that the majority of training that the company delivers is through online learning in courses such as product knowledge, basic Microsoft office skills, sexual harassment prevention training and diversity training. Additionally, UPS instructors provide classroom training in compliance and ethics training, new hire orientation training, safety training, and on-the-job training to warehouse associates, both full-time and part-time.

The majority of the proposed class/lab training will be in new curriculum topics or in courses that have been revised to meet the new technological requirements. Additionally, some training classes will be provided to those trainees not trained under the prior ETP Agreements. UPS intends to continue training after the ETP program ends and to provide opportunities for employees to pursue higher education as well as training programs that prepare them for future and current jobs in the company.

## RECOMMENDATION

For the reasons set forth above, staff recommends approval of this proposal.

## PRIOR PROJECTS

The following table summarizes performance by UPS under ETP Agreements that were completed within the last five years:

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned
ET05-0302	Statewide	5/10/05 – 5/09-07	\$1,947,075	\$1,295,897 (66.5%)

ET03-0257	Statewide	1/27/03 – 1/26/05	\$1,792,557	\$1,424,072 (79%)
ET02-0274	Visalia	3/04/02 – 3/03/04	\$95,033	\$81,268 (85%)

ET05-0302 – Company representatives report that shortly after this Agreement was approved, UPS experienced delays in the execution of the technology rollout and the implementation of the new Package Flow Technology system, which impacted the training schedule. As a result, many trainees were unable to receive ETP-funded training because of unpredictable delays and glitches in systems technology. For this new Agreement, company representatives report that the problems causing the delays with the Package Flow Technology have been worked out and training is ready to commence.

### **DEVELOPMENT SERVICES**

The company retained National Training Systems, Inc. in Laguna Niguel to assist with development of this proposal for a flat fee of \$54,600.

### **ADMINISTRATIVE SERVICES**

The company also retained National Training Systems to perform administrative services in connection with this proposal for an amount not to exceed 13% of payment earned.

### **TRAINING VENDORS**

To Be Determined

## **Exhibit B: Menu Curriculum**

### **Class/Lab Hours**

**24 – 200**

*Trainees will receive any of the following:*

### **COMMERCIAL SKILLS**

- Package Driver Training Skills
  - Improving Customer Satisfaction
  - Operational Performance Skills
- New Vehicle Familiarization
- Sprinter Maintenance
- Telematics Automotive Training
- Maintenance Procedures and Information
- Component Testing and Diagnosis
- Record Keeping Requirements
  - Global Timecard System
- Generating Reports
- Creating and Implementing Quality Dispatch Plans
- Preload Planning
- Preload Assist System (PAS)
- Preload Weekly Operating Report
- Dispatch Procedures
- Applying Critical Thinking to the Dispatch Process
- Mechanic Training
  - Body and Paint Procedures
  - Component Identification
  - Troubleshooting and Failure Analysis
  - Inspection Methods
  - Preventive Maintenance and Installation Procedures
  - Tire and Wheel Run-Out Training

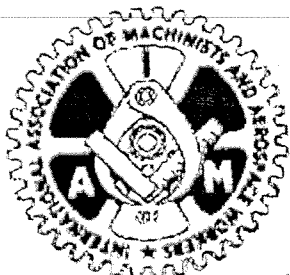
**BUSINESS SKILLS**

- Sales & Marketing Techniques
  - Strategies for Major Sales
  - Marketing Strategies
  - International Services Sales Strategies
  - Responding to Customer Needs
  - Situational Sales Negotiations
- Integrating Strategies
- Revenue Management and Cost Recovery
- Collection Techniques
- Collection Application
- Financial Analysis
- UPS Billing Release
- Project Management
  - Developing Measurable Critical Success Factors
  - Projecting Time, Cost, and Quality Dimensions
  - Project Scope Statements
  - Work Breakdown Structure
- Negotiation and Selling Skills (non-labor)
- Property Planning Concepts
- Problem Solving and Accountability
- Effective Presentations
- Building Relationships
- Package Flow Technology



**MANAGEMENT SKILLS** *(For Supervisors & Managers only)*

- Key Elements to Support The Balanced Scorecard
- Preload Cornerstone Process
- Assessing Performance
- Improving Performance
- Strategies for Successful Supervision
- Environmental Audits
- Assessing Project Goals
- Effective Planning and Organization for New Managers
- Supporting the Package Operation Team
- Motivational Tools
- Managing Priorities
- Establishing Objectives
- Distributing New Information



July 24, 2008

INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS • AFL-CIO

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**AFFILIATES**

Machinist District Lodge 947 • California Conference of Machinists • Orange County Central Labor Council  
San Bernardino—Riverside Labor Council • Los Angeles County Federation of Labor and the California Labor Federation—AFL-CIO

Krista Campion  
Development Analyst  
Employment Training Panel  
5333 Mission Center Road, Suite 300  
San Diego, CA 92108

Subject: Local Lodge 1186 letter of Union support.

Dear Ms. Campion:

I concur with the proposed Employment Training Panel training project for our members of LL-1186 Working at United Parcel Service, Inc. We enthusiastically support this program.

Sincerely,

*Claudio Figueroa*

Claudio R. Figueroa  
Grand Lodge Representative  
IAM&AW

CC: M. Britt  
D. Guerrero

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**MEETINGS: 3RD WEDNESDAY OF EACH MONTH AT 7:30 P.M.**

INTERNATIONAL BROTHERHOOD  
OF TEAMSTERS

GENERAL TEAMSTERS (EXCLUDING MAILERS),  
STATE OF ARIZONA



**LOCAL 104**  
UNION

July 8, 2008

Krista Campion, Development Analyst  
Employment Training Panel  
5333 Mission Center Road, Suite 300  
San Diego, CA 92108

Dear Ms. Campion:

I concur with the proposed Employment Training Panel training project for our members working at United Parcel Services, Inc.

Sincerely,

Andrew A. Marshall  
Western Region Director  
Parcel and Small Package Division  
International Brotherhood of Teamsters

AAM/ss

Via fax (949) 452-2040